

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

In re Application of: Thompson et al.

Serial No.: 09/703,562 Group No.: 3622
Filed: 11/01/2000 Examiner: D. Champagne
Entitled: Methods And Systems For Applying Rebates To Higher Education

**DECLARATION OF MICHAEL THOMPSON PURSUANT
TO 37 C.F.R. 1.131**

EFS WEB - FILED
Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

I, Michael Thompson, hereby declare and state, under penalty of perjury, that:

1. My present position is Chairman and CEO of TuitionFund, LLC. I am one of the inventors of the above referenced application.
2. I have reviewed the Office Action mailed dated July 19, 2007, wherein the Examiner has cited as prior art a patent issued to Bednarek *et al.*, (U.S. Pat. No. 6,965,868), which I understand has a priority date of August 3, 1999. I have reviewed the Bednarek *et al.* reference.
3. The claimed invention, including the inventions of Claims 1, 4-8, 11-16, 24-25, 27, 29-32 and 49-54, of which certain elements are alleged by the Examiner to be disclosed in the Bednarek *et al.* reference, was conceived in the United States of America prior to the August 3, 1999 filing date of the parent patent application of the Bednarek *et al.* reference, as indicated from this Declaration and the attached documentary evidence at TAB B. The work and ideas presented at TAB B was performed in this country by me or under my supervision prior to August 3, 1999. As evidenced in this document, we conceived a system (as part of a predecessor company Alumni Publications) for using computer systems to track sales made by merchants to registered users and to award rebates offered by merchants to the users for accumulation in higher education accounts such as a) state 529 plans, b) educational IRAs, c) for use to pay down student loan debt, and d) college charitable contribution accounts. We then worked continuously to develop

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Attorney Docket No. TFUND-04809

a computer based system for performing these functions and filed the instant patent application.

4. I further declare that all statements made herein are of my own knowledge, are true, and that all statements are made on information and belief that are believed to be true; and further that these statements are made with the knowledge that willful false statements and the like so made are punishable by fine or imprisonment, or both, under §1001 Title 18 of the United States Code, and that such willful statements may jeopardize the validity of the application of any patent issued thereon.

Dated: 10-30-07

Michael P. Thompson
Michael Thompson

Summary

Alumni Publications, LLC was founded by individuals concerned about the rising costs of College educations and increasing financial needs of colleges and universities. Its mission is to create programs that help people save money for future college expenses, repay student loans, and help colleges raise money for current financial needs. We have created a program that will generate rebates from everyday consumer purchases that can be applied to these needs. We intend to pursue a variety of commercial avenues to generate rebates including: (i) the selling of advertising in the Alumni Publications consortium that has a circulation in excess of 3 million alumni, (ii) an Alumni Publication website that links to over 200 participating online vendors offering a wide range of products and services, (iii) a "co-branded" credit card with a major financial institution that will generate rebates on purchases made with participating merchants, and (iv) strategic partnerships with "real world" merchants willing to give discounts in conjunction with proprietary credit cards (e.g., department store cards) or otherwise.

Our rebate program initially will target college alumni, later expanding to their families and friends, and ultimately, to the general population. We also intend to develop other programs for assisting individuals and schools in meeting their financial needs, the first of which is a program that aggregates the circulation of college alumni magazines to generate revenue from selling national advertising to quality institutional advertisers.

We believe our rebate program ties together several emerging trends in education and in consumer spending in a way that will generate strong demand for the product. First, Americans consistently rank the ability to pay for their child's college education as one of their primary concerns. As a result, in the last five years there has been a proliferation of government and private programs being offered to help parents save for college, and a substantial increase in the attention being given to these plans. At the same time the average debt load carried by recent college graduates continues to soar each year, while colleges are finding it increasingly difficult to find the funds necessary to improve their services.

In the arena of consumer spending, the internet is emerging as a major force in consumer retail sales. Meanwhile, the co-branded credit card market continues to expand as consumers look for additional benefits associated with card use.

Our rebate program is designed to harness consumer spending to save for higher education expenses, make donations to a college, or to pay off outstanding student debt. This "accidental" savings plan offers a substantial benefit without requiring out-of-pocket investments or a major change in purchasing habits.

To initially establish the core business of Alumni Publications, LLC we intend to rapidly implement the following steps: (i) create and easy to use website appropriate for introducing our program to consumers and facilitating online purchases, (ii) use existing internet programs to establish rebate relationships with hundreds of online merchants,

(iii) establish a co-branded credit card program with a nationally known financial institution, and (iv) publicize our program by, among other things, securing advertising for our product in alumni magazines with an aggregate circulation in excess of 3 million alumni.

Once established, we intend to implement the following elements of our growth strategy: (i) increase the number of participating online vendors, (ii) partner with "real world" merchants to offer additional avenues for generating rebates, and (iii) aggressively promote our program through a variety of channels including targeted e-mails, direct mail campaigns, alumni association partnerships, public promotional appearances, and internet advertising exchanges.

The Business

General

Alumni Publications, LLC was founded to create programs aimed at helping people save money for future college expenses and pay current college expenses, as well as help colleges raise money for current financial needs. We believe that we have developed a concept that will allow consumers to save for these expenses by automatically rebating a portion of their everyday purchases. We intend to utilize modern internet technology, with an emphasis on presenting a user friendly e-commerce environment. By visiting our web site portal at AlumniPublications.com, we anticipate our users will have instant access to over two hundred participating online vendors offering a wide range of products and services. We also intend to allow consumers to participate in our program when making traditional retail purchases at participating "real world" merchants by using a co-branded credit card that we are planning to offer through a national bank. In addition we believe that, our approach will benefit consumers who are not interested in tuition saving by providing them the options of making direct donations to a university, or paying down existing student loans.

Industry Overview

We believe that there is currently a strong demand for our product for a number of key reasons, including: the strong desire of Americans to be able to pay for their child's college educations, the steady increase in college tuitions costs, the average debt load carried by college graduates, and the recent proliferations of the internet.

Rising Post Secondary Education Costs and Emerging Savings Alternatives

A college degree generally is regarded in America as one of the most valuable assets a person can possess in today's society. Individuals with a post-secondary degree are in higher demand and have a broader range of job opportunities than their counterparts without post-secondary degrees. By the year 2000, the U.S. Labor Department estimates that 85% of the nation's jobs will require education or training above the high school level, compared with 65% at the beginning of the decade, and 40% in 1950.

Individuals with a post-secondary degree also demand higher salaries than those individuals without such degrees. According to a recent College Board study, the lifetime earnings of individuals with a bachelor's degree are 51% higher than those with only a high school diploma. Similarly, the average annual salary for a college graduate is \$61,780, compared with \$36,751 for those holding only a high school diploma.

At the same time higher education is emerging as a critical factor to future success in the job market, the financial burden of obtaining a degree is rising dramatically. A study by the College Board determined that the estimated cost (tuition plus room and board) of one year at a private four-year university would be \$19,876 for

the 1998-1999 school year. For the same time period at a public post-secondary institution, the price would be \$7,026. These increases have easily outpaced the U.S. economy's overall inflation rate in the past ten years, and the National College Resource Association estimates that by the year 2017, one year at a private four year university will cost \$61,251, while one year at public institutions will be \$28,787.

For today's newborn, experts estimate that parents must save approximately \$229 per month for 18 years to cover the entire four year tuition costs at a public institution. Further, in 1997 the U.S. Census Bureau reported that the median income for a four person family was \$53,350, which means saving for two children would be approximately 10% of the pre-tax median income for a four person family.

For families unable to save sufficient funds for college expenses, student borrowing has emerged as the source of last resort. The current level of college borrowing in the United States is approximately \$24 billion. Increases in the rate of borrowing in the last five years have substantially exceeded the growth rate of college costs and the rate of growth in personal income. According to ProvidentMutual.com, two-thirds of borrowers claim that their student loans represent a "major financial hardship".

Recognitions of the financial hardships related to saving or borrowing for college has led many families to seek solutions to the problem, which in turn has created an emerging industry of college savings options. State created tuition savings plans are currently available in 46 states, and in less than four years have amassed in excess of \$5 billion in invested assets. The federal government has created "Educational IRA's" and other tax incentives related to education investments. Most major brokerage firms and mutual funds now market programs designed to encourage parents to save for college expenses. These programs have been extremely successful in attracting investments. Media attention to these programs also has increased dramatically over the last few years as awareness of the problem increases.

The Growth of the Internet and Online Commerce

The internet has emerged as and environment for online communities and a place in which commerce is conducted. The International Data Corporation ("IDC") estimates that the number of Web users will be 509 million by the end of 2003, up from 159 million at the end of 1998. This growth in internet traffic, e-commerce and the internet's use as a channel of distribution has been fueled by several factors:

- A large and growing number of personal computers in the home and work place
- Advances in the performance and speed of personal computers and modems
- Recent developments in internet infrastructure and bandwidth
- Easier, faster and cheaper access to the internet
- Increased awareness and acceptance of the internet among consumers and business users

We believe the proliferation of internet use, especially with regard to e-commerce activity, presents a remarkable opportunity for innovation and creativity. It signals a significant change in the way people approach business and consumer purchases. Online vendors are able to reach a large and global group of customers electronically from a centralized location in a way not previously possible, additionally; the internet provides online vendors with the ability to interact frequently with their customers by adjusting their featured selections and shopping interfaces and by sending communications via email to current and potential customers. These advantages over traditional vendors give online vendors the potential to build large, global customer bases quickly and to achieve superior economic returns over the long term. An increasing number of products are being sold successfully online including, among others, books, computers, brokerage services, toys, automobiles, jewelry and music. This broad selection of products and services, the ease and efficiency of use, and increased marketing by online vendors has led to rapid growth of online consumer sales. By the year 2002, IDC expects the total value of goods and services purchased over the internet will exceed \$400 billion.

Credit Card Use

Increasingly, Americans are using credit cards for ordinary consumer purchases from both online and traditional merchants. The average credit-eligible American possesses two or three credit cards and receives nearly two dozen credit card solicitations per year. Credit cards offer consumers two primary benefits over other methods of payment: convenience and security. Credit cards are accepted by over twelve million merchants in over 240 countries. Modern developments such as pay at the pump gas stations, self checkout lines at grocery stores and movie ticket vending machines have made using credit cards more convenient than cash for most consumers. Credit cards also provide consumers with many security features such as stolen card protection, extended warranties on purchases and emergency card replacement that are not available with other methods of payment.

The convenience and security features of credit cards are especially evident in the world of e-commerce. Many online vendors will only accept payment via credit card, and for most, alternative methods of payment are not commercially feasible. Internet technology companies, online vendors and the credit card industry have worked together to make credit card purchases the safest way to shop online. Sophisticated payment software now creates "secure" sites that help prevent hackers from accessing proprietary information. Experts now believe that online credit card purchases are safer than credit card purchases in restaurants or traditional retail stores. These increased security features, combined with increased consumer awareness about online credit card transactions have led to a dramatic increase in the number of online credit card transactions in recent months. It is estimated that through the third quarter of 1999, there will be approximately 19.2 million online transactions involving credit cards, up from approximately 9.3 million for all of 1998.

Rebate Program

The rebate program is the cornerstone product of Alumni Publication, LLC. It is designed to provide consumers with a convenient vehicle to help save for higher education expense, make donations to institutions of higher learning or pay off outstanding student loans without any out-of-pocket expenses other than ordinary consumer purchases. The program is designed to supplement rather than replace other sources of college savings, donations, and loan payments. Key components of the program include:

The Alumni Publications Web Site

We intend to create a web site portal through which our users will be able to quickly link to, and make purchases from, over two hundred online vendors offering a wide variety of products and services. When users make online purchases through our web site, a set percentage of the purchase price will be rebated to us on their behalf. We anticipate that the range of these rebates will be between one and twenty percent of the purchase price of items purchased through our web site, and that the typical purchase made thorough our web site will result in a rebate of one to ten percent of the purchase price. The exact amount of the rebate received for a purchase will depend on the arrangement we have with the particular online vendor from whom the purchase is made and on the product that is purchased form that vendor. We intend for our web site to give our users the option to choose whether they desire for rebated amounts to be placed into a user specific tuition savings account, donated to a university or college or the user's choice or applied to pay down an existing student loan. We plan to use a portion of the rebated amounts to pay our management fee.

Alumni Publications Co-branded Credit Card

We are currently in the process of seeking a national bank that will partner with us in offering a co-branded credit card. We anticipate that consumers using our credit card when making purchases from participating vendors will receive rebates from the participating merchant when using this credit card.

Strategic Partnerships with "Real World" Merchants

We also anticipate that our program will allow consumers to receive rebates from some participating merchants without using our co-branded credit card either through the merchants' proprietary credit card or otherwise.

Key Benefits

"Accidental" Savings. Our program will provide consumers with a way to save for higher education tuition expenses, make donations to an institution of higher learning, or to repay outstanding student loans without extra out-of-pocket expenses. We believe that consumers will find this method of saving to be convenient and effective.

Return on Savings. We intend to employ a professional money manager to invest the tuitions savings to provide additional returns to our customers. We anticipate that such an investment strategy will accumulate interest over time at a variable rate.

Consumer Convenience. We anticipate that our web site will contain links to hundreds of online vendors, thereby allowing it to serve as a portal through which our users can make a wide variety of their consumer purchases. Our web site will not only aggregate links to familiar merchants, but will function as a tool to allow our users to quickly and easily locate the vendor that will best serve their purchasing needs. We intend to provide direct links to our participating vendors, arranged in a topical category format. It is our intention to provide our consumers user-friendly access to the available merchants in a very comfortable, non-threatening environment. Our web site will incorporate a complete portal management software product to encourage repeat visits and improve the shopping experience of each visitor.

Web Site Adaptability. As users visit our web site, we will continually accumulate general behavior and preference information that will allow us to provide a more focused selection of participating merchants. Further, we have the option of giving each user the ability to fashion their own personal web site complete with personal preferences of merchant links to increase efficiency and convenience. Thereafter, they could be automatically routed to their own personal version of our web site that include links to their favorite participating vendors

Implementations of Business

Our objective is to become the preeminent company through which consumers who are concerned about higher education make their purchases, whether through our web site, at traditional merchants, or by using our co-branded credit card. To initially establish these objectives, we intend to rapidly implement the following steps:

Creation of the Alumni Publications Website. Our web site is currently under development. We have engaged an internet design company to create a website design and related e-commerce software that will function appropriately with our rebate concept. We anticipate that a functional version of our e-commerce portal will be finished in the fall of 1999

Establishment of Rebate Relationships with Online Merchants. We will enter into agreements with hundreds of online merchants that will provide for rebates on purchases made by our users. These relationships will be initiated through InfoSpace. Following the submission of our application to InfoSpace, we will be provided a form agreement or a contact person at each online merchant which InfoSpace has an existing arrangement. Upon receiving these contacts, we intend to negotiate agreements with each online merchant that will serve to benefit us, our users and the participating merchants.

In addition to the agreements that we are working on with our e-commerce approach, we intend to execute agreements with those merchants that might not necessarily rely on the internet to reach their consumer audience. These relationships with traditional merchants should give the consumer increase flexibility and provide another opportunity to benefit from rebates.

Establishment of Our Co-branded Credit Card. We are currently working to establish a co-branded credit card with a nationally known financial institution. We have made requests for proposals and it is our intention that our co-branded credit card will have a competitive interest rate, high credit ceilings, and the most advanced security features currently available in the credit card industry

Initial Promotion of our Program. Initially, we intend to publicize our program by securing advertising for our product in college alumni magazines. These magazines have an aggregate circulation in excess of 3 million alumni; and therefore, we believe that they will effectively advertise our product to those consumers that are most likely to be interested in using it.

Growth Strategies. Once established, we intend to grow our business by implementing the following strategies:

Increase the Number of Participating Online Vendors. Over time, we intend to increase the number of online vendors with which we have e-commerce relationships. Based on past performance, we anticipated that our facilitator Infospace will increase the number of their associated online vendors. As their numbers grow, so too will the list of participating merchants available at our web site. In addition, we plan to continually approach traditional merchants with our concept in an effort to multiply the options for our users.

Establishment of Rebate Relationships with "Real World" Merchants. We intend to approach many traditional merchants on an individual basis with a proposal that they enter into a strategic relationship with us. This will involve setting up a system that will allow consumers to receive rebates for purchases made at these merchants in a manner similar to the way rebates are received for purchases made through our website. We believe that real world merchants will be eager to participate in our program for a number of reasons including the favorable publicity it will provide and the potential for increased revenues.

Aggressive Continued Promotion of Our Program. Once our program is initially established, we intend to aggressively promote it through a variety of advertising channels. These will include, among other things, targeted e-mails, direct mail campaigns, alumni association partnerships, public promotional appearances and internet advertising exchanges.

Revenue Opportunities

Management Fees

Our primary method for generating revenue will be through management fees. These fees will be a percentage of each rebate, whether from purchases made with our co-branded credit card, through our web site, or from traditional vendors. In addition, we plan to keep a portion of other ancillary revenues generated by the business. Our goal is to generate additional funds to be used to support affiliated universities in various financial ways.

Selling Advertising for Alumni Magazines

A management fee will also be generated from the third-party advertising sold to universities for display in their alumni magazines. We intend to reduce the costs of producing alumni magazines by obtaining national advertising to place in such publications. Advertisers can then reach a highly coveted segment of consumers, while universities can defray a portion of the costs associated with publishing the magazines.

Other Opportunities

In the future, we intend to increase our revenues by developing additional products and services that are consistent with our mission. These new products and services may include rebate businesses related to health and welfare but not strictly related to education.